

LEGISLATIVE AUDIT DIVISION

Tori Hunthausen, Legislative Auditor  
Monica Huyg, Legal Counsel



SENATE FISH AND GAME 4  
EXHIBIT NO. 4  
DATE 2-19-09  
BILL NO. 53423  
Deputy Legislative Auditors:  
James Gillett  
Angie Grove

September 3, 2008

Representative Elsie Arntzen  
850 Senora Avenue  
Billings, MT 59105-2051

Dear Representative Arntzen:

Per your request, we have obtained additional information related to limitations on the use of Wallop-Breaux funding and Fort Peck fish hatchery expenditures.

If you would like further assistance or have questions regarding the information provided, please do not hesitate to call.

Sincerely,

individual fishery programs up to its annual...  
on Wallop-Breaux fund use are that motor boat...  
at 15 percent of the state's total authorization. There are no...

Room 160 - State Capitol Building P.O. Box 206 Helena, MT 59613-0206  
Phone (406) 444-3122 FAX (406) 444-3123  
<http://legis.mt.gov>

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## MEMORANDUM

**TO:** Tori Hunthausen, Legislative Auditor  
**FROM:** Lisa Blanford, Performance Audit Manager  
Steve Erb, Senior Performance Auditor  
**DATE:** September 3, 2008  
**RE:** Request for additional information related to Fort Peck State Fish Hatchery (09L-2733)

This memo provides additional information regarding the Fort Peck hatchery revenue needs, Wallop-Breaux funding procedures and restrictions, and federal support of Murray Springs and Fort Peck fish hatcheries. Individual questions and responses are provided in the following text. To respond to these questions, we contacted officials at Fish, Wildlife and Parks (FWP) Fisheries Division, federal officials, reviewed federal regulations, and reviewed additional Fort Peck hatchery expenditures.

► **What is the estimated revenue needed to support the Fort Peck hatchery?**

According to FWP projections, by 2013, FWP needs to generate an additional \$210,600 to meet funding requirements at the Fort Peck hatchery. FWP funds Fort Peck hatchery exclusively from warm water fish stamp revenues and the interest generated from the associated special revenue account. Revenue from this account peaked in 2006 (\$339,268) and is projected to be \$275,511 by 2013. In its first two full years of operations, expenditures at the Fort Peck hatchery average \$381,672 annually. FWP estimates annual expenditures at Fort Peck will average \$450,088 over the next five years (2009 – 2013) with total expenditures of \$486,067 in 2013. This estimate includes only personnel and operations costs and assumes fish production remains at current levels. Increased fish production will result in increased revenue needs.

Because of restrictions listed in Montana statutes (87-3-236, MCA), FWP cannot use any other non-federal funding resources to fund the Fort Peck hatchery. Therefore, FWP revenues from warm water stamp sales and its associated interest must be sufficient to cover all expenses.

► **Is the use of Wallop-Breaux funding left up to the discretion of the individual states or does the federal government require states to fund certain activities or fish species?**

The federal government determines each state's portion of available Wallop-Breaux funding based on a funding formula that is a combination of the state's geographic size and the annual number of paid licensed anglers as a proportion of the national total. Each state will receive at least one, but not more than five percent, of the total nationally available funds. FWP is able to request grants to fund individual fishery programs up to its annual Wallop-Breaux allocation. The only stipulations placed on Wallop-Breaux fund use are that motor boat access and aquatic education projects must be funded at 15 percent of the state's total authorization. There are no allocation requirements that federal funds support specific varieties of fish.